

EXHIBIT V

Inotiv, Inc.

(NOTV – \$13.41)

Buy

Price Target: \$50

Site Closures And Consolidation Plans Strategically Attractive; Reiterate Buy Rating But Lower PT To \$50 On Market Wide Multiple Contraction

What Happened? – Yesterday, Inotiv announced the closure of its canine facility in Cumberland, Virginia and the relocation/consolidation of its rodent breeding facility in Dublin, Virginia. Both of these facilities were acquired with the Envigo acquisition in November 2021. The Cumberland facility required intensive capital expenditures to achieve cashflow positive operations. While the facility has recently shown significant progress evidenced by inspections by the USDA, the required investments to improve the facility also recently increased. The Cumberland facility comprises less than 1% of revenue and is not profitable. Inotiv has elected to relocate the Dublin operations to a nearby recently refurbished and optimized facility. As a result of the strategic closure and relocation, the Company is able to reduce anticipated CapEx and provide additional operating efficiency. Importantly, the closures of these facilities will have no impact on financial guidance for fiscal year 2022. The transitions are expected to be completed by December 2022.

Our Take – Following a complaint filed against Envigo May 19, 2022, we believe Inotiv's action to optimize efficiencies and reduce future capital expenditures should be well-received by investors. While we expect some one-time closure and relocation expense, we think this will ultimately support stronger EBITDA margins, and we expect operations to be more efficient given the consolidation into recently refurbished facilities. We think the strategic moves by Inotiv should temper headline noise. The Cumberland and Dublin closures follow Inotiv's previously announced Haslett, Michigan and Boyertown, Pennsylvania closures which also consolidate operations into more optimal facilities. We continue to believe Inotiv's white-glove, one-stop-shop, discovery through safety playbook will enable market share gains and outsized growth. We also continue to believe the research model acquisition (Envigo) strongly complements the DSA business and provides significant cross-selling opportunities. The balance sheet is solid with \$47M cash and manageable senior secured leverage of about 2x. We believe share weakness is overdone and provides an attractive entry point at 6.3x FY23 EBITDA vs. comps at 12.9x 2023 EBITDA. We are affirming our Buy rating but lowering our PT to \$50 from \$75 on market wide multiple contraction. Our new valuation uses an 18x 2023 EBITDA multiple which remains a premium to comps on Inotiv's market-leading growth profile.

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Changes	Previous	Current
Rating:	–	Buy
Price Target:	\$75	\$50
FY22E Rev (M):	–	\$510.0
FY23E Rev (M):	–	\$608.0
FY22E AEBITDA (M):	–	\$78.8
FY23E AEBITDA (M):	–	\$100.0

Profile

Price:	\$13.41
Shares Out (M):	25.5
Market Cap (M):	\$341
EV (M):	\$632
Avg. Vol (M):	0.3
Insiders Own:	17.4%
Short Int % Float:	10.6%
Net Cash / Share:	(\$11.41)
Dividend Yield:	NA

Rev (M)	2021A	2022E	2023E
Dec	\$17.9	\$84.2A	–
Mar	\$18.8	\$140.3A	–
Jun	\$22.9	\$141.5	–
Sep	\$30.1	\$144.0	–
FY	\$89.6	\$510.0	\$608.0

EPS	2021A	2022E	2023E
Dec	(\$0.03)	(\$3.93A)	–
Mar	(\$0.06)	(\$0.24A)	–
Jun	\$0.18	(\$0.10)	–
Sep	\$0.59	(\$0.06)	–
FY	\$0.83	(\$3.77)	\$0.24
AEBITDA (M)	\$9.3	\$78.8	\$100.0

Valuation	2021A	2022E	2023E
EV/Sales	7.1x	1.2x	1.0x
EV/AEBITDA	NM	8.0x	6.3x

Management

CEO	Robert Leasure, Jr.
CFO	Beth Taylor

Company Description

Inotiv is a full suite discovery through preclinical contract research organization. With the acquisition of Envigo, Inotiv is now a leading provider of research models.

INVESTMENT THESIS AND VALUATION

INVESTMENT THESIS

We believe Inotiv is emerging as a market-leading CRO (contract research organization) focused on offering white-glove services to the preclinical segment of outsourced R&D. This was further bolstered by the recent transformational acquisition of Envigo, a pure-play research model provider (e.g., non-human primates, rabbits, rats, mice for preclinical testing). The purchase expanded the product offering, increased potential customer stickiness, and introduced new cross-selling opportunities across Envigo's customer base of 2,550. We acknowledge the inherent integration risk that comes along with acquisitions but believe CEO Leasure's history of execution speaks for itself. Since joining as a consultant in 2017 (appointed as CEO in 2019), Mr. Leasure has shown the capability of making both the necessary organic (new services/offerings) and inorganic investments (12 acquisitions, \$24M in FY17 revenue to >\$0.5B in FY22). We expect shares to work higher this year as investors better appreciate Inotiv's unique competitive offering, market commanding position in research models, top tier leadership, and market-leading growth rate.

VALUATION

We derive our \$50 PT (previously \$75) by applying an 18x multiple to our FY23 EBITDA estimate of \$100M. In our valuation, we use a share count of 30M to account for all outstanding and potentially dilutive securities. The math works out to 18x FY23 EBITDA of \$100M, minus net debt of \$290M, divided by 30M shares.

RISK FACTORS

We believe an investment in **Inotiv** involves the following risks.

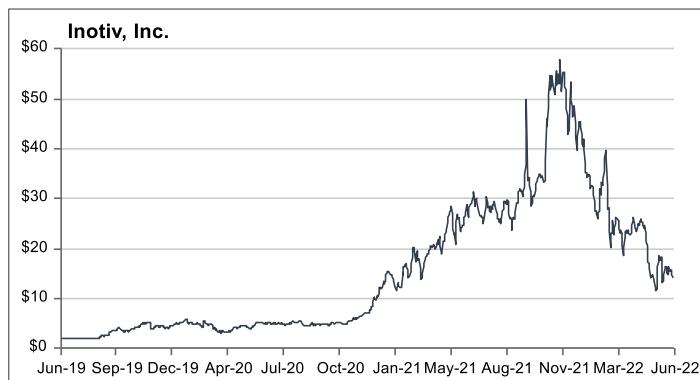
- **Covid** – We expect Covid headwinds to abate over time. However, we are uncertain of the long-term implications of the pandemic and its negative impact on the demand for certain Inotiv offerings. We believe financial performance could be lumpy exiting Covid as different geographies exit the pandemic from different levels of strength.
- **Acquisition Risk** – A part of the Company's business is the acquisition of peers. Acquisitions are subject to regulatory approval. The inability to successfully integrate and harvest synergies that are outlined by management could negatively impact NOTV shares.
- **Leverage** – The Company has taken on debt to fund acquisitions. The maximum secured leverage ratio covenant outlined in the credit agreement is 3.25x. Following FQ2 results, NOTV is comfortably in compliance with its covenants. However, we think the heightened leverage profile is a risk. If a covenant is broken, we expect shares to be negatively impacted.
- **Competition** – The CRO market remains highly competitive and there are well-capitalized public and private companies in the space. Inotiv has shown significant growth while offering a white-glove service to emerging pharma players. Although we believe Envigo diversifies the core customer base and de-risks the concentration on emerging players, we think there is competitive risk if larger players appetite for emerging pharma changes.
- **Regulation** – The Company is subject to various regulations designed to ensure the quality and integrity of data. Inotiv operates animal research facilities, these are

subject to a variety of laws and regulations, such as The Animal Welfare Act. Animal research facilities also must maintain standards of operations for the humane treatment of animals in their custody. They are also subject to rules regarding hazardous waste and HIPAA data rules and regulations. Any adverse regulatory move could negatively impact shares.

- **Tight Labor Market** – With growth, the Company will be required to invest in its employee base. If skilled workers cannot be found and wages continue to rise, G&A costs for Inotiv would be expected to increase which could negatively impact profitability.
- **Supply Chain** – Extension of the supply chain constraints would lead to lengthened time before raw materials, PPE equipment, and reagents can be sourced. As a result of the Chinese ban on the transportation of wild animals, the supply of non-human primates for Envigo has been negatively impacted. A worsening of the shutdown in China or a long-term ban on the transportation of animals in China could negatively impact the supply of NHPs. This could negatively impact revenue from NHPs which could hurt NOTV shares.

Financial Model

Inotiv, Inc.	Acq (1)			Acq (1)			2020			Acq (2)			Acq (2)			Acq (2)			Acq (3)			2023
	Fiscal Year End Sep. 30	2017	2018	2019	Dec-19A	Mar-20A	Jun-20A	Sep-20A	2020A	Dec-20A	Mar-21A	Jun-21A	Sep-21A	2021A	Dec-21A	Mar-22A	Jun-22E	Sep-22E	2022E			
Income Statement (\$ in millions, except per unit amounts)																						
Discovery and Safety Assessment (DSA)	24.2	26.3	43.6	12.9	16.0	15.8	15.8	60.5	17.9	18.8	22.9	30.1	89.6	32.8	39.1	39.5	40.0	151.4	193.0			
Research Models and Service (RMS)	-	-	-	-	-	-	-	-	-	-	-	-	51.4	101.3	102.0	104.0	358.6	415.0				
Total Revenue	24.2	26.3	43.6	12.9	16.0	15.8	15.8	60.5	17.9	18.8	22.9	30.1	89.6	84.2	140.3	141.5	144.0	510.0	608.0			
Cost of DSA	16.5	18.2	30.4	9.4	10.8	10.8	11.2	42.2	12.0	12.5	15.2	19.7	59.4	20.6	26.8	26.9	27.2	101.4	131.2			
Cost of RMS	-	-	-	-	-	-	-	-	-	-	-	-	44.3	68.8	73.4	74.9	261.4	294.7				
Total Cost of Revenue	16.5	18.2	30.4	9.4	10.8	10.8	11.2	42.2	12.0	12.5	15.2	19.7	59.4	64.9	95.6	100.3	102.1	362.9	425.9			
Gross Profit	7.7	8.1	13.2	3.5	5.2	4.9	4.6	18.2	5.9	6.3	7.6	10.4	30.2	19.3	44.7	41.2	41.9	147.2	182.1			
Operating Expenses																						
Selling	1.1	1.5	2.9	0.9	1.1	0.7	0.7	3.4	0.6	1.2	1.0	0.8	3.5	2.7	4.6	5.0	5.5	17.9	24.4			
Research and Development	0.5	0.6	0.6	0.2	0.2	0.1	0.5	1.0	0.0	0.0	0.1	0.3	0.4	-	-	-	-	-	-			
General and administrative	4.9	6.0	9.8	3.5	4.1	4.6	4.8	17.0	5.0	5.4	7.8	12.1	30.4	13.3	21.3	19.0	18.0	71.6	77.7			
Amortization of intangible assets	-	-	-	-	-	-	-	-	-	-	-	-	3.4	6.4	7.0	7.2	24.0	28.8				
Start-up and Other	-	-	-	-	-	-	-	-	0.2	0.2	0.5	0.6	1.5	33.6	4.5	5.0	5.0	48.0	12.0			
Total Operating Expenses	6.4	8.1	13.4	4.5	5.4	5.4	6.0	21.3	5.9	6.8	9.3	13.8	35.8	53.0	36.9	36.0	35.7	161.5	142.9			
Operating Income (Loss)	1.3	0.0	(0.2)	(1.0)	(0.2)	(0.5)	(1.4)	(3.1)	0.0	(0.5)	(1.7)	(3.4)	(5.6)	(33.6)	7.9	5.2	6.2	(14.4)	39.2			
Interest Expense, net	(0.4)	(0.3)	(0.6)	(0.3)	(0.4)	(0.4)	(0.4)	(1.5)	(0.3)	(0.4)	(0.4)	(0.5)	(1.7)	(4.8)	(7.5)	(7.5)	(7.5)	(27.5)	(30.2)			
Other (Income) Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.2	0.0	13.2	13.4	(57.7)	(0.1)	(0.1)	(0.1)	(58.1)	(0.6)				
Total Other Expense	(0.4)	(0.3)	(0.6)	(0.3)	(0.4)	(0.4)	(0.4)	(1.5)	(0.3)	(0.2)	(0.4)	12.7	11.7	(62.6)	(7.7)	(7.7)	(7.7)	(85.6)	(30.7)			
Net Income (Loss) Before Income Taxes	0.9	(0.3)	(0.8)	(1.3)	(0.6)	(0.9)	(1.8)	(4.5)	(0.3)	(0.7)	(2.2)	9.3	6.1	(96.2)	0.2	(2.5)	(1.5)	(100.0)	8.5			
Income tax expense	0.0	(0.1)	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	(4.8)	(0.1)	(4.8)	(12.8)	6.8	-	-	(5.9)	2.1			
Consolidated net income (loss)	0.9	(0.2)	(0.8)	(1.4)	(0.6)	(0.9)	(1.8)	(4.7)	(0.4)	(0.7)	2.6	9.4	10.9	(83.4)	(6.7)	(2.5)	(1.5)	(94.0)	6.3			
Less: Net income (expense) attributable to noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-	(0.4)	(0.6)	-	-	(0.9)	-				
Net Income (Loss) attributable to common shareholders	0.9	(0.2)	(0.8)	(1.4)	(0.6)	(0.9)	(1.8)	(4.7)	(0.4)	(0.7)	2.6	9.4	10.9	(83.0)	(6.1)	(2.5)	(1.5)	(93.1)	6.3			
Net income (Loss) / share - Basic & Diluted	\$0.10	(\$0.02)	(\$0.08)	(\$0.13)	(\$0.05)	(\$0.08)	(\$0.16)	(\$0.43)	(\$0.03)	(\$0.06)	\$0.18	\$0.59	\$0.83	(\$3.93)	(\$0.24)	(\$0.10)	(\$0.06)	(\$3.77)	\$0.24			
Weighted Avg. Shares Out. Basic & Diluted (M)	8.7	8.8	10.4	10.7	10.8	10.9	11.0	10.9	11.0	11.2	14.7	15.9	13.2	21.1	25.3	26.1	26.3	24.7	26.8			
Operating Income (Loss)	0.9	(0.2)	(0.8)	(1.4)	(0.6)	(0.9)	(1.8)	(4.7)	(0.4)	(0.7)	2.6	9.4	10.9	(83.4)	(6.7)	(2.5)	(1.5)	(94.0)	6.3			
Total adjustments	2.1	2.6	4.1	1.9	1.7	1.8	1.8	7.2	1.8	2.0	(0.4)	(5.0)	(1.6)	93.5	31.9	23.7	23.7	172.8	93.7			
Adjusted EBITDA	3.0	2.4	3.3	0.5	1.1	0.9	0.1	2.5	1.5	1.3	2.2	4.3	9.3	10.1	25.3	21.2	22.2	78.8	100.0			
Backlog	NM	17.1	27.8	35.7	36.0	36.9	43.8	43.8	45.3	53.9	62.0	81.4	81.4	104.6	133.6	-	-	-	-			
Book-To-Bill	0.79x	0.94x	1.07x	NM	NM	NM	1.48x	1.26x	1.16x	1.50x	1.53x	1.77x	1.52x	1.78x	1.52x	-	-	-	-			
Growth Y/Y																						
Total Revenue		9%	66%	50%	71%	45%	7%	39%	38%	17%	45%	91%	48%	371%	648%	518%	379%	469%	19%			
Gross Profit		5%	63%	44%	103%	58%	-9%	38%	69%	21%	55%	124%	65%	229%	612%	439%	305%	388%	24%			
Margins																						
Gross Profit	32%	31%	30%	27%	32%	31%	29%	30%	33%	33%	33%	34%	34%	23%	32%	29%	29%	29%	30%			
Operating Income	5%	0%	NM	NM	NM	NM	NM	NM	0%	NM	NM	NM	NM	NM	6%	4%	4%	NM	6%			
Adjusted EBITDA	12%	9%	8%	4%	7%	6%	0%	4%	8%	7%	10%	14%	10%	12%	18%	15%	15%	15%	16%			
Balance Sheet Analysis																						
Total Cash and Equivalents	0.4	0.8	0.6	0.5	0.2	2.9	1.4	1.4	1.2	2.2	25	138.9	138.9	42.4	47.0	-	-	-	-			
Total Debt	4.4	9.5	16.6	22.1	24.2	27.6	27.4	27.4	27.1	26.2	44.4	165.6	165.6	260.6	337.6	-	-	-	-			
Net Cash / Share	(\$0.45)	(\$0.99)	(\$1.54)	(\$2.02)	(\$2.22)	(\$2.26)	(\$2.37)	(\$2.40)	(\$2.35)	(\$2.16)	(\$1.35)	(\$1.68)	(\$2.02)	(\$10.33)	(\$11.48)	-	-	-	-			

IMPORTANT DISCLOSURES

Initiation: January 31, 2022 – Rating: Buy - Price Target: \$60
February 11, 2022 – Rating: Buy - Price Target: \$75
June 14, 2022 – Rating: Buy - Price Target: \$50

RATINGS DEFINITION

Buy rated stocks are expected to generate greater than 10% returns during the next 12 months. Hold rated stocks are expected to generate returns of 0% to 10% during the next 12 months. Sell rated stocks are expected to generate negative returns over the next 12 months and generally do not have a price target.

Information on our valuation methodology and risks can be found in the “Investment Thesis & Valuation” and “Risks” sections above.

RATINGS DISTRIBUTION

(as of Jun 1, 2022)

Rating	All Covered Companies (%)	Investment Banking Clients (%)
Buy	93.4%	19.4%
Hold	6.6%	8.3%
Sell	0.0%	0.0%

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